Why Measure?

Innovation leads to improvement only when it's measured BY MICHAEL E. ECHOLS

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In metrics, the "what" of our work is about what we measure. Well known in learning and development work are levels 1 through 4 by Donald Kirkpatrick. In the Bellevue University Human Capital Lab work with Verizon Wireless, the what consists of business outcomes. These are key performance indicators (KPIs) for the enterprise.

In our measurement of impact for the Bellevue University Professional Retail Sales & Management education program, the what of the metrics includes change in sales, turnover, mobility and performance.

The what of an issue is not to be taken lightly in measurement work. The operations management team's alignment, for instance, is a critical component of business impact. Good measurement work is of little value if the measurement is not about something management cares about.

Without metrics, it is not clear that change is going in the right direction.

The second element of this metrics conversation is the "how." The how makes the what possible. In our metrics work, examples of how include surveys, dashboards, multi-variant statistical analysis, level 1-4 survey results and others. We spend a lot of time and energy debating the how. It's an important conversation, but is it really worth all of the effort various measurement advocates invest in the conversation? I will leave that up to you to answer.

Lastly, I want to discuss the "why." The central question is: "Why are we doing this work at all?"

My belief is that the why is driven by innovation. Innovation is a priority for nearly every management team today. It is critical to future competitiveness. Here is some of the language related to innovation I've heard repeated in today's business environment:

- "The key to our company's growth is innovation."
- "To compete as a nation we need to innovate."
- "Innovation is the key to Apple's success."
- "Business has only two functions — marketing and innovation."
- "America's growth has been fueled by investment, education, productivity, innovation and immigration."
- "Innovation is the central issue in economic prosperity."
- "I believe in being an innovator."

The central role of innovation in our future has become a part of our collective business DNA. We line up behind the innovation mantra as we hurtle into an ever more uncertain future. The message is not yet dogma, but it's getting close.

Here is where the why of the metrics conversation steps to center stage. We have a mad dash to innovate as the key to future value creation. That means we are dashing into the future with a near compulsive desire to do things differently. Our networked world acts like a super charger, accelerating the effects of change. Without metrics to guide our change initiatives, the dash is taking place in total darkness. Under this scenario we are literally groping in the dark.

There are two specific problems with this in the absence of measurement. The first is direction. The second is magnitude. Without metrics it is not clear that a change is even going in the right direction. In the past, things moved slowly enough to wait and see the results after the fact. In today's world of hyper change and great uncertainty, metrics allow management to decide much faster whether to keep a change in place or to replace it with another innovation. In today's world, time is the scarce resource that the metrics helps manage.

The second dimension is magnitude. Here the implications involve cash and investment, and the implications are less obvious. Let's assume the innovation leads to improvement. Measurement gives senior executives guidance on the biggest dilemma the C-suite faces today.

We have to address the what, the how, but most importantly the why of measurement. We need metrics to have a more precise way to accelerate innovation and make more valuable investment decisions. These are goals all of our senior managers can support. CLO